

Washington, DC - Working to give businesses access to capital that will help spur economic growth, Congresswoman Linda Sánchez (CA-39th) today announced that her bill, (H.R. 2261), was included in the overall Small Business Administration (SBA) Reauthorization bill (H.R. 2802). Sánchez' bill now becomes a provision of H.R. 2802.

The SBA bill reauthorizes nationwide loan programs that are essential for allowing small businesses to enter the marketplace. The bill was passed unanimously by the Small Business Committee today - of which Sánchez is a member - and is expected to be passed in the U.S. House of Representatives in September. The current SBA Reauthorization expires at the end of Fiscal Year 2003 (October 1st).

"When small businesses can't find capital, they can't survive. With the current economic downturn, finding capital to either start or expand a business is becoming harder and harder for small entrepreneurs. Many are forced to use credit cards, or depend on family and friends to fill the financial gap. My provision is simple - it increases the current microloan limit for small businesses from \$35,000 to \$55,000. This will allow many businesses to get larger loans," said Congresswoman Linda Sánchez.

H.R. 2261 was the first bill that Sánchez introduced in Congress. She wrote it in May and presented it to local small business leaders at a "listening session" in her Lakewood district office.

In addition to getting her bill included in the SBA Reauthorization bill, Sanchez was also successful in negotiating the removal of a provision that hindered small business owners from entering the marketplace due to needed technical assistance.

"Under current law, intermediary lenders are limited to using only 25 percent of their funds for pre-loan technical assistance. However, pre-loan technical assistance plays a critical role in helping initiate new businesses and many borrowers need more than the lender cap allows. For example, technical assistance provides entrepreneurs with the resources to generate ideas, develop business plans, and plan for the implementation of their businesses. Most importantly, it allows borrowers to fully prepare their business plan before committing to bricks and mortar," explained Sánchez.

"My provision strips the 25% cap and allows the individual lenders to use their discretion in determining how much loan assistance is available to each borrower. Potential borrowers deserve the opportunity to face the market fully prepared and by removing this limiting provision, we are allowing lenders to use their experience in the field to assist more people in meeting their goal of opening a small business," said Sánchez.

"Both of my provisions will give small business owners greater access to capital so they can expand or pursue business ventures. In turn, this will help bolster the economy and create new jobs," concluded Sánchez.